

AGENDA BILL

Beaverton City Council Beaverton, Oregon

SUBJECT: Contract Award for Workers' Compensation
Third-Party Administrator

FOR AGENDA OF: 06-21-11 **BILL NO.** 11114

Mayor's Approval: Denny Dark

DEPARTMENT OF ORIGIN: Human Resources

DATE SUBMITTED: 06-13-11

CLEARANCES: Finance
Purchasing
City Attorney
CAO

[Signature]
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PROCEEDING: Consent Agenda
(Contract Review Board)

EXHIBITS: Exhibit I – Vendor Score

BUDGET IMPACT

EXPENDITURE REQUIRED	AMOUNT BUDGETED	APPROPRIATION REQUIRED
\$20,000	\$55,000*	\$-0-

*Account Number: 706-40-0014-511 - Insurance Agency Fund - Self-Insured Workers' Compensation Program - Professional Services Account. The \$55,000 Amount Budgeted is included in the FY 2011-12 Proposed Budget that was approved by the Budget Committee, as amended, and forwarded to the City Council for adoption at tonight's Council Meeting. The \$55,000 budgetary appropriation is for various professional services for the Workers' Compensation Program, which includes this contract for third-party administration.

RECOMMENDED ACTION:

City Council, acting as Contract Review Board, award a contract in a form approved by the City Attorney, to Tri-Star Risk Management to serve as the City's workers' compensation third-party administrator for Fiscal Year 2011-12; and approve automatic contract renewal for up to two additional one-year periods through FY 2013-14 based upon annual review of service and price, and subject to Council's approval of future year's budget appropriations. The amount of expenditure for FY 2011-12 is \$20,000.

HISTORICAL PERSPECTIVE:

The City contracts with a workers' compensation third-party administrator to assist in reviewing and managing workers' compensation claims. At least every three years, the City solicits proposals to evaluate the cost effectiveness of the administrative services currently provided. At present, the City contracts with Tri-Star Risk Management to provide administrative services related to the City's workers' compensation claims.

INFORMATION FOR CONSIDERATION:

A Request for Proposal (RFP) was advertised on April 29, 2011, in the Daily Journal of Commerce. Fifteen firms or individuals viewed and/or downloaded the RFP from the City's website. Ultimately, the City received only one proposal, which staff opened on June 1, 2011, at 2:00 PM. The proposal was from Tri-Star Risk Management of Portland, Oregon, the City's current workers' compensation third-party administrator.

Staff contacted four of the third-party administrators--firms that had viewed and/or downloaded the RFP--to determine why no one else responded to the RFP. Each provided a different reason for not responding. One advised that they did not have enough time (33 days) to get a proposal prepared. Another advised that they could not compete with the service the City currently has. Another

responded that they were fully employed and not going to pursue other opportunities at this time. The fourth responded that they do not do workers' compensation claims administration.

The decision was made to complete the procurement process. A scoring matrix was completed for Tri-Star Risk Management. Out of a maximum of 60 points, they were scored at 51 points by the City of Beaverton's Risk Management team.

Exhibit 1

City of Beaverton
Worker's Compensation Third Party Administrator RFP Evaluation

EVALUATION FACTOR	Maximum Points	TRISTAR
1. Signature Page	4	4
2. Transmittal Letter	4	4
3. Experience & Qualifications	8	8
4. Claims Handling	16	13
5. Loss Control/Cost Containment	8	6
6. Handling of Contested Cases	8	8
7. Contract Price	12	8
TOTAL POINTS	60	51

